

# **Escrow Committee Meeting Minutes**

## **April 20, 2016**

Attendees:

### **Committee Members Present:**

Philip Dryden, Chair  
Laurie LeMay  
Susan Berry  
Patricia Maddux  
Angela Kosoff

### **Consumer Services Division Representation:**

Charles Clark, Division Director  
Cindy Fazio, Chief of Regulatory Affairs  
Lorenda Lillard, Licensing Program Manager  
Rick St. Onge, Examinations Program Manager  
Steven Sherman, Enforcement Program Manager  
Alan Leingang, Examinations Supervisor  
Joepaul Wong, Financial Examiner Supervisor  
Devon Phelps, Financial Legal Examiner  
Dawn Woolery, Licensing Management Analyst  
Ellen Daly, Webinar Facilitator

### **Guests:**

*\*Guest list as generated by the webinar program – may not be complete.*

Corrine Johnson  
Lora Lilly  
Cyril Zoldak  
Shalini  
Janice O'Neil

Kay Oliver  
Diane  
Jonelle  
Cindy

Michele McGhuey  
Kae McDonnell  
Shirley Burrell

**Meeting Called to Order at 9:00 a.m.**

### **Welcome**

### **Approve Minutes from January 14, 2016 Meeting**

The January 14, 2016 meeting minutes are approved.

## **Rules Update**

Rules adopted March 30, 2016, will be effective April 30, 2016. The only change was a corrected technical error regarding Gramm-Leach-Bliley. The updated rules are available on the DFI website, and expect to be codified within the next 2 months.

In answer to a question about TRID (TILA-RESPA Integrated Disclosure) changes, Cindy indicated that in the rule making DFI generalized the use of the terms Good Faith Estimate and Settlement Statement. Discussion among the group about whether the HUD type Settlement Statement still needs to be included in transactions. Per Joepaul Wong, exams have seen licensees continue to use an older type Settlement Statement in addition to having the new Closing Disclosure in the file. A disclosure is still needed to explain last minute changes to disbursements that will not be indicated on the Closing Disclosure. DFI will prepare a newsletter article to discuss how licensees can comply with the Act in light of the new Closing Disclosure.

## **Legislative Update**

Consumer Services requested legislation to renew the Mortgage Lending Fraud Prosecution Account (\$1 from each deed of trust goes into this account to reimburse county prosecutors in mortgage fraud cases). Bill 6282 was signed into law by the Governor and is in effect for 5 years, until June 2021.

## **Licensing Update**

Escrow Agent Numbers as of March 31, 2016:

- 60 Main offices (65 reported at January 2016 meeting)
- 6 Branch offices (8 reported at January 2016 meeting)
- 88 Active Escrow Officers (91 reported at January 2016 meeting)
- 55 Inactive Escrow Officers (51 reported at January 2016 meeting)
- 143 Total Escrow Officers (142 reported at January 2016 meeting)

## **Examinations Update**

Exams completed as of March 31, 2016:

- |   |   |   |
|---|---|---|
| <ul style="list-style-type: none"><li>• 3 Exams completed in January</li><li>• 3 Exams completed in February</li><li>• 4 Exams completed in March</li></ul> | } | 10 Exams Completed from<br>January – March 2016 |
|---|---|---|

Average number of violations per exam: 3

## **Common Violations**

### **1. Failed to properly administer outstanding instruments**

Five Escrow Agents were cited for failing to clear overdue or stale-dated outstanding checks.

### **2. Failed to maintain trust account records**

- a. Four Escrow Agents were cited for failing to maintain required reconciliation reports.
- b. Three Escrow Agents were cited for failing to maintain reconciliation reports that list the escrow transaction numbers.
- c. Three Escrow Agents were cited for failing to obtain the endorsement-side of imaged trust account checks.

Exams are now being conducted on Contract Collection companies, which are having their first round of exams.

Exams recently reported a buyer was a victim of wire fraud through a phishing email scam, whereby the buyer was notified to wire the purchase funds to an unknown bank. The email appeared to be from a company/person the buyer was familiar with.

As business owners, remember to be aware of the complexity of fraudsters.

- Include fraud warnings in all your email texts
- Notify clients to call you if they see anything suspicious or have questions about the wiring instructions, and to check with the Escrow closer when they receive wiring instructions to ensure they're valid
- Work with the lenders involved to specify account restrictions

DFI issued a Consumer Alert regarding this type of wire fraud.

## **Enforcement Update**

From January 1 – March 31, 2016, DFI's Enforcement Unit received 16 complaints and closed 16 complaints, all regarding unlicensed Escrow activity.

## **Investigations**

Investigations – Pending (EARA only) 9

Investigations – Closed in Period (all industries) 33

Statements of Charges (issued in period) – 0

Consent Orders (issued in period) – 3

These Consent Orders are available on the DFI website at:

<http://www.dfi.wa.gov/laws-enforcement/dfi-enforcement-actions>

- Simplex Escrow, Inc. and Anh Hoang 2/25/2016 [C-15-1692-16-CO01]
- Title365 Co. 1/28/2016 [C-15-1749-15-CO01]
- Pinnacle Northwest Escrow, LLC and Michele J. Roberts 2/29/2016 [C-15-1778-16-CO01]

Criminal Referrals - 0

Final Orders – 0

Civil Actions - 0

## **Old Business**

None.

## **New Business**

The OIC has proposed a rule making for title escrow. DFI and the OIC met several times over the past 2 years. The rules will be created and implemented by the OIC and DFI would not have authority over this industry. This may create more of a level playing field in the industry.

**Meeting adjourned at 9:33 a.m.**

You may listen to a recording of the entire meeting at:

<http://dfi.wa.gov/escrow-agents/committee>